



As I sell

SOCIETY VERSUS THE INDIVIDUAL

THE fundamental difference between the United States and the Soviet Union is not in their rate of growth, nor in their income per capita, nor in their gross national product. The real difference is in their basic theories of national purpose. The Russian concept is that society is all-important, and that the individual lives only for the group. There are many examples in nature of this type of existence -- probably an ant colony is one of the best. In a colony of this type the individual is of little value. Each unit does its assigned work in a predetermined fashion. Jean Henri Fabre, the great French entomologist, spent many years studying the life of the ant, and in his books expressed the greatest contempt for the ant, which carried on its predetermined duties with no initiative and with no change from generation to generation. An ant colony today is no different from an ant colony of 100,000 years ago. Another classic example of the same type of activity would be the bee colony. Only the colony is important, and each individual forming the colony, guided by instinct, repeats with little variation the life of its remote ancestors.

The Soviet Union has found that this system does not foster progress, and has departed from this fundamental belief. Throughout the Russian economy at the present time, special incentives have been offered to those who showed unusual ability. The difference between the earnings of a routine worker in Soviet industry and a person directing the activities of other workers is greater than it is in the United States.

It is quite interesting to trace the reasons why the United States of America from its inception emphasized the individual and attempted to limit government. Much as we would like to think to the contrary, most of those who came to America from Europe, with a few notable exceptions, were not considered "the best people," but undoubtedly they were courageous and enterprising. Even the Pilgrims who settled at Plymouth Rock soon found that life on a wild New England shore, which had as its aim the common good of the community, brought nothing better than starvation. In spite of strong religious motivation the communistic attempts of the first two years were so disastrous that Governor Bradford swung over to a strictly free enterprise system, giving every

family its own plot of ground, with an immediate and sudden change in the well-being of the entire community.*

One hundred years is a short time in the life of a nation, but within 100 years of the establishment of a country where the government was restricted and limited by law, manned, to at least some extent, by the misfits of Europe, a wilderness was turned into the most prosperous country in the world. For as long as there were no bars on immigration, the prosperity and freedom of the United States proved such a tremendous magnet to the overcrowded areas in Europe that wave after wave of Englishmen, Germans, Frenchmen, Italians and other nationalities settled our eastern cities and moved westward. The grandson of one of these Irish immigrants has just been elected president of the United States.

Why did the United States develop this outstanding free enterprise economy? Most of the early settlers did not come from countries where free enterprise was the predominant type of economic activity. In 1775, a Scotchman named Adam Smith wrote a revolutionary book called An Inquiry Into the Nature and Causes of the Wealth of Nations. England, France, and Germany had come through a long and rather disastrous period in which the State attempted very close regulation of the individual, with the mistaken idea that this "planned economy" would increase the prosperity of the country. In England this was known as mercantilism, and the regulations of the guilds were as definite and precise as those of the NRA during the initial New Deal period. Working conditions, hours, wage rates, all were definitely established by direction of the Government, with heavy penalties for noncompliance. In Germany at that time this same general trend was known as cameralism. Here, too, the entire emphasis was on Government regulation of every phase of the economy.

The purpose of the book by Adam Smith was to show that wealth and prosperity developed more rapidly through giving the greatest play to private initiative. His book was widely read in the colonies, and had great influence on men like Franklin, Washington, Jefferson, and the other patriots who eventually formulated our Constitution with all of its checks and balances in an effort to prevent a planned economy in the United States.

Anyone familiar with history would agree with Woodrow Wilson when he said, "Liberty has never come from the Government. The history of liberty is the history of resistance. The history of liberty is the history of limitations of Government power, not the increase of it."

"The only freedom which deserves the name," said John Stuart Mill, "is that of pursuing our own good in our own way, so long as we do not attempt to deprive others of theirs or impede their efforts to obtain it."

*Bradford's History "Of Plimoth Plantation" (Boston: Wright & Potter Printing Co., 1898), pp. 162-163.

Many of us, I am afraid, have the mistaken idea that freedom of this sort is not as productive as a planned economy. Leonard Read, president of the Foundation for Economic Education, Inc., recently used this illustration:

Suppose, in the year 1860, you had been asked to choose the easiest among the following projects:

1. Deliver letters and packages to the country's population;
2. Deliver the human voice around the earth in less than one twenty-seventh of a second;
3. Deliver an event, like a Shakespearian drama, into any American living room, in motion and color, at the time it is taking place;
4. Deliver 115 individuals from Los Angeles to Baltimore in 3 hours and 19 minutes;
5. Design and build a horseless carriage like the ones described in 1960 advertisements.

Which of the five would you have chosen as the easiest to accomplish? The first, for certain. The other four would, in 1860, have been looked upon as dreams of a Jules Verne. Yet, a century later, the last four are so commonplace that we take them for granted. Only the first remains substantially as it was a hundred years ago, inefficient as always, and incurring a \$2 million daily deficit!

Government planners have had charge of the first. It is their monopoly. Men acting competitively, co-operatively, voluntarily - in economic freedom - have wrought the four miracles and countless thousands of others.

I have always been somewhat amazed at the figures we have compiled on the production of new dwelling units during the boom of the 1920's. In the real estate business we have become accustomed to the Government aids furnished the builder through FHA financing, VA financing, the discounting of mortgages by Fannie Mae, public housing subsidized by the taxpayers, and more recently, urban renewal. In the 1920's there was no Government insurance of mortgages, there was no public housing, there was no Government agency to discount mortgages, and there was no subsidized method for urban renewal. In spite of all this, at the peak of the building boom of the 1920's we built 46.6

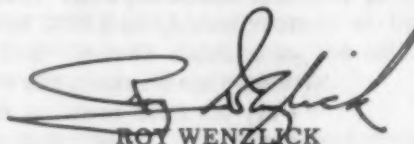
new housing accommodations per 1,000 nonfarm households in the United States, and at no time during the recent housing boom have we exceeded 37.6 new family accommodations, as shown in the table below. If we compare the new revised estimate of the Bureau of the Census for 1959 with the unrevised figure for 1925, 1925 exceeded 1959 by approximately 40 percent.

NEW NONFARM DWELLING UNITS STARTED
PER 1,000 NONFARM HOUSEHOLDS

<u>Year</u>	<u>Total</u>	<u>Sales Type</u>	<u>Rental Type</u>
1925	46.6	28.4	18.2
1950	37.6	31.0	6.6
1959	30.0	23.5	6.5
1959*	33.4	26.4	7.0

*New revision available for 1959 only.

I have heard the figure 2 million housing starts discussed quite frequently. There is no more reason why we should build some predetermined number of dwelling units per year than there is that we should manufacture a predetermined number of automobiles per year, regardless of demand. The number of units we should build, as the number of automobiles we should make, depends entirely on the number that the general public is willing to buy in the marketplace at the price for which they can be made. This, and this alone, is the proper number.



ROY WENZLICK

